

April 16, 2008

Mr. Christopher F. Koller
Health Insurance Commissioner
Department of Business Regulation
233 Richmond Street, Suite 237
Providence, RI 02903-4233

Subject: Claims Projection and Reserve Factors Applicable to Large Group Subscription Rate Renewals Effective October 1, 2008 through December 1, 2009 and Required Early Notice Renewals Effective January 1, 2010 (Forms on File)

Dear Commissioner Koller:

This letter and the attached documents comprise a filing by Blue Cross & Blue Shield of Rhode Island (BCBSRI) of claims projection, reserve contribution factors, and related rating information to be used in large group renewal rating.

The following exhibits are included in this filing:

Exhibit I, *Actuarial Assumptions*, outlines the underlying methodology and assumptions used to develop the claims projection and reserve contribution factors.

Exhibit II contains additional rating information related to this filing as required by the Office of the Health Insurance Commissioner.

Exhibit III displays large group rating factors, including reserve contribution factors for rating Blue Cross Group Dental plans. Presented here are factors for rating for fourth quarter 2008 through fourth quarter 2009 renewals and also January 2010 required early notice renewals that utilize the same claims experience periods as the fourth quarter 2009 cycles.

In accordance with the Order and Decision of the Health Insurance Commissioner, BCBSRI has submitted on a confidential basis an update to the 2007 Annual Affordability Report (March 2008) under separate cover which describes its company-wide strategies to enhance the affordability of its products. The Trend and Comparison Supplement to the update pertaining to this filing is enclosed herewith.

Reserve Contribution Factor

The reserve contribution factors in this filing are 2.35% for prospectively rated accounts and 1.35% for alternate funded (self-funded) accounts. These factors include an additional 0.35% which is intended to recoup, over a fifteen year period, extraordinary expenses necessitated by the installation of a new BCBSRI core operational computer system. These factors are filed with the objective of gradually building corporate reserves to ensure the financial viability and stability of Blue Cross & Blue Shield of Rhode Island for the future, and compliance with Risk Based Capital requirements of the Blue Cross and Blue Shield Association.

Confidentiality

In your letter dated February 28, 2008, you directed carriers to submit certain price only trend factors as a required element of large and small group rate filings. Please be aware, BCBSRI considers such information to comprise trade secrets and financial information which is of a confidential nature and not subject to disclosure under the Access to Public Records Act, R.I. General Laws, Sections 38-2-1 et seq. Therefore, we are requesting that you maintain as confidential the price only, utilization, and mix trend factors enumerated in Item number 2, Trend Factors for Projection Purposes (Annualized), which is contained in Exhibit II of the enclosed filing. In accordance with your letter dated April 10, 2008 and the subsequent e-mail communication of John Cogan on Monday, April 14, 2008, we intend to file a formal objection to the publication of this information on April 21, 2008.

Filing Fee

In accordance with the filing fee requirements contained in Section 42-14-18 of the General Laws of Rhode Island, an electronic funds transfer (EFT) transaction in the amount of \$100 is submitted via the SERFF system. Policy forms pertaining to this filing are as follows:

Series HMC2C (01/06)
Series Classic (01/06)
Series BlueCHiP (01/06)
Series HM HSA (01/06)

We ask for your timely consideration and approval of the proposed rating factors. Approval by May 15, 2008 would be greatly appreciated to ensure that adequate lead-time can be given for rate change notification to group accounts.

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As always, we shall be pleased to respond promptly to any questions you, your staff, or your office's consulting actuary, Mr. DeWeese, may have.

Sincerely,

A handwritten signature in dark ink, appearing to read "John Lynch", is positioned above the printed name.

John Lynch, F.S.A., M.A.A.A.
Chief Actuary

Attachments: Exhibits I, II, and III
Trend and Comparison Supplement to 2007 Annual Affordability Report Update

- c. Charles C. DeWeese, F.S.A., M.A.A.A.
Michele Lederberg, Esq.
Monica Neronha, Esq.

ACTUARIAL ASSUMPTIONS
Blue Cross & Blue Shield of Rhode Island
Large Group Renewal Rating

Applicable Large Group Rate Renewals

- Renewals for October 1, 2008 through December 1, 2009
- Required early notice renewals for January 1, 2010

Utilization Projections

The determination of the projection factors contained in this filing reflects the Corporation's standard methodology for **Basic Surgical/Medical utilization/mix** and **Prescription Drugs price/utilization/mix**. This methodology assumes the annual trend represented by the best-fit linear regression line, based on the percentage rate of increase for the period December 2006 through November 2007 over the period December 2005 through November 2006 and continuing into the future in a geometric progression so that the actual trend (percentage increase) is constant over time.

For **Hospital Inpatient utilization**, the trend based on our standard methodology is 2.67%, an increase over the trend implicit in our current approved filing. Two major increases are driving this trend:

1. Behavioral Health inpatient utilization has seen a strong positive trend in recent quarters. To address this issue, BCBSRI together with its behavioral health management partner, Beacon Health Strategies, LLC (BHS), has implemented or will be implementing the following initiatives and programs to address any inappropriate use of inpatient behavioral health or substance abuse days:
 - Increased physician-to-physician reviews for high risk and complex cases.
 - Pre-certification reviews for those members that transfer from one level of inpatient care to another.
 - Case managers at several inpatient hospitals.
 - Phone calls to discharged members to remind them of their scheduled outpatient appointment and a follow-up call to the provider to confirm the aftercare appointment occurred.
 - Intensive care management services to coordinate care outside the hospital setting.

BCBSRI and BHS meet jointly on a quarterly basis with clinical staff of high volume hospitals to review relevant metrics. BCBSRI and BHS are conducting an extensive review of inpatient data to better understand the rising trend and identify areas for further evaluation. Despite these efforts, a positive trend is expected to continue for the following reasons:

- Behavioral health admissions are predominantly emergency admissions and attempts at pre-authorization are largely ineffective.
- Rhode Island's Utilization Review Law forbids face-to-face evaluations by insurance companies or their utilization review agents and does not allow them to direct care.
- Available bed capacity for commercially insured patients increased at Butler Hospital, Rhode Island's major adult behavioral health hospital, in June 2007 when Butler ceased its participation in the State's uninsured program.

- An additional ten adult intensive treatment mental health beds will be brought on line at Butler Hospital in the second quarter of 2008. For the past several years, Butler's adult units have operated at full capacity and this is not expected to change.

We estimate that behavioral health alone is contributing two percentage points to overall inpatient utilization trend. For the reasons above, we expect those trends to continue.

2. With respect to out-of-state surgical days, we have seen a substantial increase over the last 14 months. Since this is a relatively recent development that, while concerning to us, we cannot attribute to specific procedures, we are not giving full credibility to this phenomenon at this point in time. We will continue to monitor this trend.

In consideration of the trend increase outlined above, it is our actuarial judgment to use a hospital inpatient utilization trend of 2.00%, which is 0.67% less than that which the standard methodology would produce.

For **Hospital Inpatient mix** trend, the actual increase in our deprecised cost/day over the most recent 12-month period available to us was 1.0%, and we expect this trend to continue into the subject rating periods. This is a reflection of the ongoing advances in technology and its associated costs, as well as an increase in one day stays which are more expensive on a per-day basis. Therefore, our projection factor is a 1.0% inpatient annual mix adjustment.

For **Hospital Outpatient utilization/mix** trend, our standard methodology produces a trend of 1.44%. This is historically low and we do not expect it to continue. Therefore, we are assuming a trend of 1.93%, which is the year-over-year increase we have most recently been observing. It is also more consistent with broad historical experience and with what we would anticipate to arise from technological advances and other environmental factors.

For **Major Medical**, the annual pure premium increase assumed is equal to the increase in claims cost per member month for claims incurred January 2007 through December 2007 paid through January 2008 over the comparable period for 2006 paid through January 2007. This category of services represents less than 1% of our total annual claims expense.

Price Projections

Hospital price projections reflect estimated hospital price increases based on existing reimbursement contracts and anticipated payment levels in future.

The **Basic Surgical/Medical** Plan projection factors reflect a series of provider fee adjustments and initiatives through the subject rating periods.

New Benefit Costs

Savings resulting from BCBSRI's Radiology Pre-Authorization Program effective January 1, 2008 will be incorporated into the Total Projected Claims Expense for a credit of 0.69% on Outpatient expense and 0.65% for Basic Surgical/Medical expense effective January 1, 2008.

Savings resulting from BCBSRI's new contract with our Pharmacy Benefit Manager (Wellpoint) effective January 1, 2009 will be incorporated into the Total Projected Claims Expense but are not reflected in the filed trend as we view this as a one-time step reduction. The savings on drug claim costs are calculated to be 3.7% effective January 1, 2009.

Assessments on the Corporation by the State resulting from Comprehensive Evaluation, Diagnosis, Assessment, Referral and Re-evaluation (CEDARR), Child Intervention Services and Home Services and the State Child Immunization Fund including the Human Papillomavirus (HPV) vaccine shall also be incorporated into rates.

Reserve Contribution Factor

The reserve contribution factors in this filing are 2.35% for prospectively rated accounts and 1.35% for alternate funded (self-funded) accounts. These factors include an additional 0.35% which is intended to recoup, over a fifteen year period, extraordinary expenses necessitated by the installation of a new BCBSRI core operational computer system.

The Corporation's most recent projection of cost to implement a new computer system is \$136.5 million, the majority of which will be incurred during calendar years 2008, 2009, and 2010. Note that these costs are being excluded from operating expense components, i.e. customers won't be charged twice for these costs.

It is the Corporation's intent to recover this extraordinary project's cost over a fifteen year period for all lines of business, including large group, small group, Direct Pay, Plan 65, and BlueCHiP for Medicare. Spreading the recovery over fifteen years will buffer the impact on premium rates.

These factors are filed with the objective of gradually building corporate reserves to ensure the financial viability and stability of Blue Cross & Blue Shield of Rhode Island for the future, and compliance with Risk Based Capital requirements of the Blue Cross and Blue Shield Association.

BCBSRI's corporate reserve stood at 24.2% of premium revenue as of December 31, 2007, just over the minimum of the range recommended to OHIC by the 2006 Reserve Study (23% to 31%). Reserves fluctuate over time, and should be allowed to move into the upper end of this range in times of favorable experience in order to have a fairly low probability of falling below the lower end of the range during periods of adverse experience. We are now completing our seventh year of consecutive gains, our longest period of favorable experience, and have not reached the midpoint of the Reserve Study range. Therefore we believe the requested reserve contribution is appropriate and prudent. It should also be noted that Blue Cross & Blue Shield of Rhode Island was ranked 27th out of 36 Blue Cross Plans nationally in health-based risk capital as of June 30, 2007, the latest report available to us.

Administrative Expense

BCBSRI administrative expenses for 2007 were reported to amount to 11.3% of total premium, which matches the New England industry average as reported by the DOH-OHIC 2006 Health Insurers Report. Administrative expenses are further addressed in our Trend and Comparison

Supplement to the 2007 Annual Affordability Report Update attached to this filing. Note that 1.1% of the estimated administrative expenses shown in Exhibit II is due to the new mandated 1.1% premium tax; otherwise our estimated administrative expenses would have decreased to approximately 10.5%.

Affordability

Please refer to our 2007 Annual Affordability Report, including the March 2008 Update for more information on BCBSRI's extensive efforts to keep our health plans affordable.

**BLUE CROSS & BLUE SHIELD OF RHODE ISLAND
LARGE GROUP RATE/TREND FILING
RENEWALS EFFECTIVE OCTOBER 1, 2008 THROUGH DECEMBER 1, 2009 AND
REQUIRED EARLY NOTICE RENEWALS EFFECTIVE JANUARY 1, 2010**

1. Historical Information

Experience Period for Developing Rates		
	From	To
For Trend Development	12/2004	11/2007
For Rate Increase Estimate Development	11/2006	10/2007

Utilization data by Quarter: 12-month moving averages ⁽¹⁾					
Quarter	End Date	IP Days/1000	OP PMPM ⁽²⁾	S/M PMPM ⁽²⁾	Rx PMPM ⁽³⁾
1	2/2006	277.2	\$55.46	\$106.30	\$48.06
2	5/2006	275.5	\$55.84	\$107.77	\$49.81
3	8/2006	277.3	\$55.89	\$108.80	\$51.24
4	11/2006	277.6	\$55.99	\$110.47	\$52.75
5	2/2007	280.6	\$56.41	\$112.15	\$54.43
6	5/2007	283.1	\$56.46	\$113.29	\$55.51
7	8/2007	282.4	\$56.76	\$114.66	\$56.87
8	11/2007	285.2	\$57.07	\$115.98	\$57.94

- (1) Data is derived from large group (insured and most self-insured groups) and small group classes. Data is normalized for known one-time changes in claim costs such as new benefits and availability of specific drugs in generic form. Reflects data used in development of filed utilization trend for Inpatient, utilization/mix trend for Outpatient and Surgical/Medical, and price/utilization/mix trend for Prescription Drug.
- (2) Claims for Outpatient and Surgical/Medical are depriced to the level of reimbursement at 12/1/2004, the beginning of the experience period used in trend analysis.
- (3) Rx PMPMs reflect a copay level of \$7 generic, \$25 brand, and \$40 non-formulary, the most common benefit design for large groups.

2. Trend Factors for Projection Purposes (Annualized) are shown in the tables below. Projection Factor detail is found in Exhibit III.

CY 2009 over CY2008					
	IP	OP	S/M	MM	Rx
Total	9.56%	8.40%	9.22%	15.52% ⁽³⁾	10.50% ⁽³⁾
Price Only	█ %	█ %	█ %	N/A	N/A
Utilization	█ %	█ % ⁽²⁾	█ % ⁽²⁾	N/A	N/A
Mix ⁽¹⁾	█ %	N/A	N/A	N/A	N/A

**BLUE CROSS & BLUE SHIELD OF RHODE ISLAND
LARGE GROUP RATE/TREND FILING
RENEWALS EFFECTIVE OCTOBER 1, 2008 THROUGH DECEMBER 1, 2009 AND
REQUIRED EARLY NOTICE RENEWALS EFFECTIVE JANUARY 1, 2010**

CY 2010 over CY2009					
	IP	OP	S/M	MM	Rx
Total	9.47%	8.43%	8.55%	15.52% ⁽³⁾	10.50% ⁽³⁾
Price Only	%	%	%	N/A	N/A
Utilization	%	% ⁽²⁾	% ⁽²⁾	N/A	N/A
Mix ⁽¹⁾	%	N/A	N/A	N/A	N/A

- (1) Inpatient Mix is the measure of effect on average cost per day due to changes in average intensity of service, type of service, and hospital provider.
- (2) Outpatient and Surgical/Medical utilization trends also incorporate mix.
- (3) Major Medical and Prescription Drug Total trends are aggregate measures including price, utilization, and mix. Major Medical comprises less than one percent of total claims costs. Note that the 10.50% Rx trend does not include a one-time reduction in cost of 3.7% due to negotiation of a new PBM contract effective January 1, 2009.

3. Information for the period to which the filing applies.

Quarter	Beginning Date	Estimated Average % Rate Increase ⁽¹⁾	Expected Medical Loss Ratio	Expected Contribution to Reserves ⁽²⁾	Estimated Administrative Expense ⁽²⁾
1	10/1/2008 ⁽³⁾	9.4%	86.35%	2.35%	11.3%
2	1/1/2009	9.4%	86.05%	2.35%	11.6%
3	4/1/2009	9.4%	86.15%	2.35%	11.5%
4	7/1/2009	9.4%	86.15%	2.35%	11.5%
5	10/1/2009 ⁽³⁾	8.9%	86.15%	2.35%	11.5%

- (1) Rate Increases are estimated based on current experience and rates. Actual increases will differ due to use of updated experience, cancellations, new business, etc.
- (2) Contribution to reserves and estimated administrative expense are expressed as a percent of premium for the period to which the filing applies. Reserve includes 0.35% for funding of the core system replacement project. Administrative expense incorporates federal and state taxes and assessments, broker commissions, and investment income credit.
- (3) Includes selected accounts effective January of the following year for which early premium rate commitments are required.

4. For the purposes of developing the medical loss ratio, incurred claims and earned premium were developed utilizing large group rating simulations in accordance with our filed and approved Large Group Renewal Rating Procedure and employing latest available experience.

**BLUE CROSS & BLUE SHIELD OF RHODE ISLAND
LARGE GROUP RATE/TREND FILING
RENEWALS EFFECTIVE OCTOBER 1, 2008 THROUGH DECEMBER 1, 2009 AND
REQUIRED EARLY NOTICE RENEWALS EFFECTIVE JANUARY 1, 2010**

Incurred Claims

The calculation of Incurred Claims is based on the incurred claims expense for prospectively rated large employers for the experience period November 2006 through October 2007, with large claims capped and the excess claims pooled:

- a) Claims are brought to the 100% incurred and projected level through the application of Incurred But Not Reported (IBNR) factors and projected to the applicable rate year, each by respective claims expense category.
- b) Capitation payments applicable to the rate year are added in for certain services not reflected in base claims experience, such as payments to PCPs.
- c) Provider adjustments are applied for estimated lump-sum provider payments.

Earned Premium

Earned Premium is calculated from Incurred Claims as described above with the following PMPMs and factors applied:

- a) General Office Expense PMPM, scaled to reflect the accounts included in the estimate.
- b) Claims Handling Expense PMPM, scaled to reflect average relative claims volume for the accounts included.
- c) Investment Income credit.
- d) Reserve Contribution Factor including 0.35% for funding the core system replacement project.
- e) Federal Income Tax plus State Premium Tax Factor.

BLUE CROSS & BLUE SHIELD OF RHODE ISLANDRATING FACTORS FOR LARGE GROUP RATE RENEWALS AS SPECIFIED

FOURTH QUARTER 2008

INPATIENT HOSPITALCost and Utilization Projection (X)

<u>Rate Year</u>	<u>Experience Period</u>	<u>Number of Months Projections</u>	<u>Factor</u>
10/1/2008-9/30/2009	2/1/2007-1/31/2008	20	1.1738
10/1/2008-9/30/2009	3/1/2007-2/29/2008	19	1.1641
10/1/2008-9/30/2009	4/1/2007-3/31/2008	18	1.1544
10/1/2008-9/30/2009	5/1/2007-4/30/2008	17	1.1451
11/1/2008-10/31/2009	2/1/2007-1/31/2008	21	1.1827
11/1/2008-10/31/2009	3/1/2007-2/29/2008	20	1.1729
11/1/2008-10/31/2009	4/1/2007-3/31/2008	19	1.1633
11/1/2008-10/31/2009	5/1/2007-4/30/2008	18	1.1537
12/1/2008-11/30/2009	2/1/2007-1/31/2008	22	1.1916
12/1/2008-11/30/2009	3/1/2007-2/29/2008	21	1.1818
12/1/2008-11/30/2009	4/1/2007-3/31/2008	20	1.1720
12/1/2008-11/30/2009	5/1/2007-4/30/2008	19	1.1625

BLUE CROSS & BLUE SHIELD OF RHODE ISLANDRATING FACTORS FOR LARGE GROUP RATE RENEWALS AS SPECIFIED

FOURTH QUARTER 2008

OUTPATIENT HOSPITALCost and Utilization Projection (X)

<u>Rate Year</u>	<u>Experience Period</u>	<u>Number of Months Projections</u>	<u>Factor</u>
10/1/2008-9/30/2009	2/1/2007-1/31/2008	20	1.1332
10/1/2008-9/30/2009	3/1/2007-2/29/2008	19	1.1267
10/1/2008-9/30/2009	4/1/2007-3/31/2008	18	1.1204
10/1/2008-9/30/2009	5/1/2007-4/30/2008	17	1.1141
11/1/2008-10/31/2009	2/1/2007-1/31/2008	21	1.1407
11/1/2008-10/31/2009	3/1/2007-2/29/2008	20	1.1343
11/1/2008-10/31/2009	4/1/2007-3/31/2008	19	1.1279
11/1/2008-10/31/2009	5/1/2007-4/30/2008	18	1.1216
12/1/2008-11/30/2009	2/1/2007-1/31/2008	22	1.1485
12/1/2008-11/30/2009	3/1/2007-2/29/2008	21	1.1418
12/1/2008-11/30/2009	4/1/2007-3/31/2008	20	1.1355
12/1/2008-11/30/2009	5/1/2007-4/30/2008	19	1.1291

BLUE CROSS & BLUE SHIELD OF RHODE ISLANDRATING FACTORS FOR LARGE GROUP RATE RENEWALS AS SPECIFIED

FOURTH QUARTER 2008

BASIC SURGICAL/MEDICALCost and Utilization Projection (X)

<u>Rate Year</u>	<u>Experience Period</u>	<u>Number of Months Projections</u>	<u>Factor</u>
10/1/2008-9/30/2009	2/1/2007-1/31/2008	20	1.1345
10/1/2008-9/30/2009	3/1/2007-2/29/2008	19	1.1293
10/1/2008-9/30/2009	4/1/2007-3/31/2008	18	1.1243
10/1/2008-9/30/2009	5/1/2007-4/30/2008	17	1.1181
11/1/2008-10/31/2009	2/1/2007-1/31/2008	21	1.1433
11/1/2008-10/31/2009	3/1/2007-2/29/2008	20	1.1380
11/1/2008-10/31/2009	4/1/2007-3/31/2008	19	1.1331
11/1/2008-10/31/2009	5/1/2007-4/30/2008	18	1.1268
12/1/2008-11/30/2009	2/1/2007-1/31/2008	22	1.1521
12/1/2008-11/30/2009	3/1/2007-2/29/2008	21	1.1468
12/1/2008-11/30/2009	4/1/2007-3/31/2008	20	1.1418
12/1/2008-11/30/2009	5/1/2007-4/30/2008	19	1.1355

BLUE CROSS & BLUE SHIELD OF RHODE ISLANDRATING FACTORS FOR LARGE GROUP RATE RENEWALS AS SPECIFIED

FOURTH QUARTER 2008

MAJOR MEDICALCost and Utilization Projection (X)

<u>Rate Year</u>	<u>Experience Period</u>	<u>Number of Months Projections</u>	<u>Factor</u>
10/1/2008-9/30/2009	2/1/2007-1/31/2008	20	1.2718
10/1/2008-9/30/2009	3/1/2007-2/29/2008	19	1.2566
10/1/2008-9/30/2009	4/1/2007-3/31/2008	18	1.2416
10/1/2008-9/30/2009	5/1/2007-4/30/2008	17	1.2268
11/1/2008-10/31/2009	2/1/2007-1/31/2008	21	1.2872
11/1/2008-10/31/2009	3/1/2007-2/29/2008	20	1.2718
11/1/2008-10/31/2009	4/1/2007-3/31/2008	19	1.2566
11/1/2008-10/31/2009	5/1/2007-4/30/2008	18	1.2416
12/1/2008-11/30/2009	2/1/2007-1/31/2008	22	1.3028
12/1/2008-11/30/2009	3/1/2007-2/29/2008	21	1.2872
12/1/2008-11/30/2009	4/1/2007-3/31/2008	20	1.2718
12/1/2008-11/30/2009	5/1/2007-4/30/2008	19	1.2566

BLUE CROSS & BLUE SHIELD OF RHODE ISLANDRATING FACTORS FOR LARGE GROUP RATE RENEWALS AS SPECIFIED

FOURTH QUARTER 2008

PRESCRIPTION DRUG PROGRAMCost and Utilization Projection (X)

<u>Rate Year</u>	<u>Experience Period</u>	<u>Number of Months Projections</u>	<u>Factor</u>
10/1/2008-9/30/2009	2/1/2007-1/31/2008	20	1.1811
10/1/2008-9/30/2009	3/1/2007-2/29/2008	19	1.1713
10/1/2008-9/30/2009	4/1/2007-3/31/2008	18	1.1616
10/1/2008-9/30/2009	5/1/2007-4/30/2008	17	1.1519
11/1/2008-10/31/2009	2/1/2007-1/31/2008	21	1.1909
11/1/2008-10/31/2009	3/1/2007-2/29/2008	20	1.1811
11/1/2008-10/31/2009	4/1/2007-3/31/2008	19	1.1713
11/1/2008-10/31/2009	5/1/2007-4/30/2008	18	1.1616
12/1/2008-11/30/2009	2/1/2007-1/31/2008	22	1.2009
12/1/2008-11/30/2009	3/1/2007-2/29/2008	21	1.1909
12/1/2008-11/30/2009	4/1/2007-3/31/2008	20	1.1811
12/1/2008-11/30/2009	5/1/2007-4/30/2008	19	1.1713

BLUE CROSS & BLUE SHIELD OF RHODE ISLANDRATING FACTORS FOR LARGE GROUP RATE RENEWALS AS SPECIFIED

FIRST QUARTER 2009

INPATIENT HOSPITALCost and Utilization Projection (X)

<u>Rate Year</u>	<u>Experience Period</u>	<u>Number of Months Projections</u>	<u>Factor</u>
1/1/2009-12/31/2009	2/1/2007-1/31/2008	23	1.2005
1/1/2009-12/31/2009	3/1/2007-2/29/2008	22	1.1906
1/1/2009-12/31/2009	4/1/2007-3/31/2008	21	1.1809
1/1/2009-12/31/2009	5/1/2007-4/30/2008	20	1.1712
1/1/2009-12/31/2009	6/1/2007-5/31/2008	19	1.1612
1/1/2009-12/31/2009	7/1/2007-6/30/2008	18	1.1514
1/1/2009-12/31/2009	8/1/2007-7/31/2008	17	1.1419
2/1/2009-1/31/2010	3/1/2007-2/29/2008	23	1.1998
2/1/2009-1/31/2010	4/1/2007-3/31/2008	22	1.1899
2/1/2009-1/31/2010	5/1/2007-4/30/2008	21	1.1802
2/1/2009-1/31/2010	6/1/2007-5/31/2008	20	1.1701
2/1/2009-1/31/2010	7/1/2007-6/30/2008	19	1.1604
2/1/2009-1/31/2010	8/1/2007-7/31/2008	18	1.1505
3/1/2009-2/28/2010	3/1/2007-2/29/2008	24	1.2089
3/1/2009-2/28/2010	4/1/2007-3/31/2008	23	1.1990
3/1/2009-2/28/2010	5/1/2007-4/30/2008	22	1.1891
3/1/2009-2/28/2010	6/1/2007-5/31/2008	21	1.1791
3/1/2009-2/28/2010	7/1/2007-6/30/2008	20	1.1692
3/1/2009-2/28/2010	8/1/2007-7/31/2008	19	1.1595

BLUE CROSS & BLUE SHIELD OF RHODE ISLANDRATING FACTORS FOR LARGE GROUP RATE RENEWALS AS SPECIFIED

FIRST QUARTER 2009

OUTPATIENT HOSPITALCost and Utilization Projection (X)

<u>Rate Year</u>	<u>Experience Period</u>	<u>Number of Months Projections</u>	<u>Factor</u>
1/1/2009-12/31/2009	2/1/2007-1/31/2008	23	1.1561
1/1/2009-12/31/2009	3/1/2007-2/29/2008	22	1.1496
1/1/2009-12/31/2009	4/1/2007-3/31/2008	21	1.1431
1/1/2009-12/31/2009	5/1/2007-4/30/2008	20	1.1367
1/1/2009-12/31/2009	6/1/2007-5/31/2008	19	1.1295
1/1/2009-12/31/2009	7/1/2007-6/30/2008	18	1.1227
1/1/2009-12/31/2009	8/1/2007-7/31/2008	17	1.1159
2/1/2009-1/31/2010	3/1/2007-2/29/2008	23	1.1574
2/1/2009-1/31/2010	4/1/2007-3/31/2008	22	1.1510
2/1/2009-1/31/2010	5/1/2007-4/30/2008	21	1.1445
2/1/2009-1/31/2010	6/1/2007-5/31/2008	20	1.1374
2/1/2009-1/31/2010	7/1/2007-6/30/2008	19	1.1304
2/1/2009-1/31/2010	8/1/2007-7/31/2008	18	1.1236
3/1/2009-2/28/2010	3/1/2007-2/29/2008	24	1.1654
3/1/2009-2/28/2010	4/1/2007-3/31/2008	23	1.1589
3/1/2009-2/28/2010	5/1/2007-4/30/2008	22	1.1524
3/1/2009-2/28/2010	6/1/2007-5/31/2008	21	1.1452
3/1/2009-2/28/2010	7/1/2007-6/30/2008	20	1.1382
3/1/2009-2/28/2010	8/1/2007-7/31/2008	19	1.1312

BLUE CROSS & BLUE SHIELD OF RHODE ISLANDRATING FACTORS FOR LARGE GROUP RATE RENEWALS AS SPECIFIED

FIRST QUARTER 2009

BASIC SURGICAL/MEDICALCost and Utilization Projection (X)

<u>Rate Year</u>	<u>Experience Period</u>	<u>Number of Months Projections</u>	<u>Factor</u>
1/1/2009-12/31/2009	2/1/2007-1/31/2008	23	1.1603
1/1/2009-12/31/2009	3/1/2007-2/29/2008	22	1.1549
1/1/2009-12/31/2009	4/1/2007-3/31/2008	21	1.1501
1/1/2009-12/31/2009	5/1/2007-4/30/2008	20	1.1437
1/1/2009-12/31/2009	6/1/2007-5/31/2008	19	1.1373
1/1/2009-12/31/2009	7/1/2007-6/30/2008	18	1.1310
1/1/2009-12/31/2009	8/1/2007-7/31/2008	17	1.1242
2/1/2009-1/31/2010	3/1/2007-2/29/2008	23	1.1631
2/1/2009-1/31/2010	4/1/2007-3/31/2008	22	1.1581
2/1/2009-1/31/2010	5/1/2007-4/30/2008	21	1.1518
2/1/2009-1/31/2010	6/1/2007-5/31/2008	20	1.1454
2/1/2009-1/31/2010	7/1/2007-6/30/2008	19	1.1390
2/1/2009-1/31/2010	8/1/2007-7/31/2008	18	1.1322
3/1/2009-2/28/2010	3/1/2007-2/29/2008	24	1.1713
3/1/2009-2/28/2010	4/1/2007-3/31/2008	23	1.1663
3/1/2009-2/28/2010	5/1/2007-4/30/2008	22	1.1598
3/1/2009-2/28/2010	6/1/2007-5/31/2008	21	1.1536
3/1/2009-2/28/2010	7/1/2007-6/30/2008	20	1.1471
3/1/2009-2/28/2010	8/1/2007-7/31/2008	19	1.1402

BLUE CROSS & BLUE SHIELD OF RHODE ISLANDRATING FACTORS FOR LARGE GROUP RATE RENEWALS AS SPECIFIED

FIRST QUARTER 2009

MAJOR MEDICALCost and Utilization Projection (X)

<u>Rate Year</u>	<u>Experience Period</u>	<u>Number of Months Projections</u>	<u>Factor</u>
1/1/2009-12/31/2009	2/1/2007-1/31/2008	23	1.3185
1/1/2009-12/31/2009	3/1/2007-2/29/2008	22	1.3028
1/1/2009-12/31/2009	4/1/2007-3/31/2008	21	1.2872
1/1/2009-12/31/2009	5/1/2007-4/30/2008	20	1.2718
1/1/2009-12/31/2009	6/1/2007-5/31/2008	19	1.2566
1/1/2009-12/31/2009	7/1/2007-6/30/2008	18	1.2416
1/1/2009-12/31/2009	8/1/2007-7/31/2008	17	1.2268
2/1/2009-1/31/2010	3/1/2007-2/29/2008	23	1.3185
2/1/2009-1/31/2010	4/1/2007-3/31/2008	22	1.3028
2/1/2009-1/31/2010	5/1/2007-4/30/2008	21	1.2872
2/1/2009-1/31/2010	6/1/2007-5/31/2008	20	1.2718
2/1/2009-1/31/2010	7/1/2007-6/30/2008	19	1.2566
2/1/2009-1/31/2010	8/1/2007-7/31/2008	18	1.2416
3/1/2009-2/28/2010	3/1/2007-2/29/2008	24	1.3345
3/1/2009-2/28/2010	4/1/2007-3/31/2008	23	1.3185
3/1/2009-2/28/2010	5/1/2007-4/30/2008	22	1.3028
3/1/2009-2/28/2010	6/1/2007-5/31/2008	21	1.2872
3/1/2009-2/28/2010	7/1/2007-6/30/2008	20	1.2718
3/1/2009-2/28/2010	8/1/2007-7/31/2008	19	1.2566

BLUE CROSS & BLUE SHIELD OF RHODE ISLANDRATING FACTORS FOR LARGE GROUP RATE RENEWALS AS SPECIFIED

FIRST QUARTER 2009

PRESCRIPTION DRUG PROGRAMCost and Utilization Projection (X)

<u>Rate Year</u>	<u>Experience Period</u>	<u>Number of Months Projections</u>	<u>Factor</u>
1/1/2009-12/31/2009	2/1/2007-1/31/2008	23	1.2109
1/1/2009-12/31/2009	3/1/2007-2/29/2008	22	1.2009
1/1/2009-12/31/2009	4/1/2007-3/31/2008	21	1.1909
1/1/2009-12/31/2009	5/1/2007-4/30/2008	20	1.1811
1/1/2009-12/31/2009	6/1/2007-5/31/2008	19	1.1713
1/1/2009-12/31/2009	7/1/2007-6/30/2008	18	1.1616
1/1/2009-12/31/2009	8/1/2007-7/31/2008	17	1.1519
2/1/2009-1/31/2010	3/1/2007-2/29/2008	23	1.2109
2/1/2009-1/31/2010	4/1/2007-3/31/2008	22	1.2009
2/1/2009-1/31/2010	5/1/2007-4/30/2008	21	1.1909
2/1/2009-1/31/2010	6/1/2007-5/31/2008	20	1.1811
2/1/2009-1/31/2010	7/1/2007-6/30/2008	19	1.1713
2/1/2009-1/31/2010	8/1/2007-7/31/2008	18	1.1616
3/1/2009-2/28/2010	3/1/2007-2/29/2008	24	1.2210
3/1/2009-2/28/2010	4/1/2007-3/31/2008	23	1.2109
3/1/2009-2/28/2010	5/1/2007-4/30/2008	22	1.2009
3/1/2009-2/28/2010	6/1/2007-5/31/2008	21	1.1909
3/1/2009-2/28/2010	7/1/2007-6/30/2008	20	1.1811
3/1/2009-2/28/2010	8/1/2007-7/31/2008	19	1.1713

BLUE CROSS & BLUE SHIELD OF RHODE ISLANDRATING FACTORS FOR LARGE GROUP RATE RENEWALS AS SPECIFIED

SECOND QUARTER 2009

INPATIENT HOSPITALCost and Utilization Projection (X)

<u>Rate Year</u>	<u>Experience Period</u>	<u>Number of Months Projections</u>	<u>Factor</u>
4/1/2009-3/31/2010	6/1/2007-5/31/2008	22	1.1881
4/1/2009-3/31/2010	7/1/2007-6/30/2008	21	1.1782
4/1/2009-3/31/2010	8/1/2007-7/31/2008	20	1.1683
4/1/2009-3/31/2010	9/1/2007-8/31/2008	19	1.1588
4/1/2009-3/31/2010	10/1/2007-9/30/2008	18	1.1493
4/1/2009-3/31/2010	11/1/2007-10/31/2008	17	1.1399
5/1/2009-4/30/2010	6/1/2007-5/31/2008	23	1.1971
5/1/2009-4/30/2010	7/1/2007-6/30/2008	22	1.1871
5/1/2009-4/30/2010	8/1/2007-7/31/2008	21	1.1773
5/1/2009-4/30/2010	9/1/2007-8/31/2008	20	1.1676
5/1/2009-4/30/2010	10/1/2007-9/30/2008	19	1.1583
5/1/2009-4/30/2010	11/1/2007-10/31/2008	18	1.1484
6/1/2009-5/31/2010	6/1/2007-5/31/2008	24	1.2062
6/1/2009-5/31/2010	7/1/2007-6/30/2008	23	1.1962
6/1/2009-5/31/2010	8/1/2007-7/31/2008	22	1.1862
6/1/2009-5/31/2010	9/1/2007-8/31/2008	21	1.1766
6/1/2009-5/31/2010	10/1/2007-9/30/2008	20	1.1670
6/1/2009-5/31/2010	11/1/2007-10/31/2008	19	1.1573

BLUE CROSS & BLUE SHIELD OF RHODE ISLANDRATING FACTORS FOR LARGE GROUP RATE RENEWALS AS SPECIFIED

SECOND QUARTER 2009

OUTPATIENT HOSPITALCost and Utilization Projection (X)

<u>Rate Year</u>	<u>Experience Period</u>	<u>Number of Months Projections</u>	<u>Factor</u>
4/1/2009-3/31/2010	6/1/2007-5/31/2008	22	1.1530
4/1/2009-3/31/2010	7/1/2007-6/30/2008	21	1.1460
4/1/2009-3/31/2010	8/1/2007-7/31/2008	20	1.1390
4/1/2009-3/31/2010	9/1/2007-8/31/2008	19	1.1322
4/1/2009-3/31/2010	10/1/2007-9/30/2008	18	1.1256
4/1/2009-3/31/2010	11/1/2007-10/31/2008	17	1.1192
5/1/2009-4/30/2010	6/1/2007-5/31/2008	23	1.1608
5/1/2009-4/30/2010	7/1/2007-6/30/2008	22	1.1538
5/1/2009-4/30/2010	8/1/2007-7/31/2008	21	1.1467
5/1/2009-4/30/2010	9/1/2007-8/31/2008	20	1.1400
5/1/2009-4/30/2010	10/1/2007-9/30/2008	19	1.1332
5/1/2009-4/30/2010	11/1/2007-10/31/2008	18	1.1268
6/1/2009-5/31/2010	6/1/2007-5/31/2008	24	1.1688
6/1/2009-5/31/2010	7/1/2007-6/30/2008	23	1.1616
6/1/2009-5/31/2010	8/1/2007-7/31/2008	22	1.1545
6/1/2009-5/31/2010	9/1/2007-8/31/2008	21	1.1477
6/1/2009-5/31/2010	10/1/2007-9/30/2008	20	1.1409
6/1/2009-5/31/2010	11/1/2007-10/31/2008	19	1.1344

BLUE CROSS & BLUE SHIELD OF RHODE ISLANDRATING FACTORS FOR LARGE GROUP RATE RENEWALS AS SPECIFIED

SECOND QUARTER 2009

BASIC SURGICAL/MEDICALCost and Utilization Projection (X)

<u>Rate Year</u>	<u>Experience Period</u>	<u>Number of Months Projections</u>	<u>Factor</u>
4/1/2009-3/31/2010	6/1/2007-5/31/2008	22	1.1616
4/1/2009-3/31/2010	7/1/2007-6/30/2008	21	1.1552
4/1/2009-3/31/2010	8/1/2007-7/31/2008	20	1.1481
4/1/2009-3/31/2010	9/1/2007-8/31/2008	19	1.1419
4/1/2009-3/31/2010	10/1/2007-9/30/2008	18	1.1354
4/1/2009-3/31/2010	11/1/2007-10/31/2008	17	1.1289
5/1/2009-4/30/2010	6/1/2007-5/31/2008	23	1.1698
5/1/2009-4/30/2010	7/1/2007-6/30/2008	22	1.1632
5/1/2009-4/30/2010	8/1/2007-7/31/2008	21	1.1563
5/1/2009-4/30/2010	9/1/2007-8/31/2008	20	1.1499
5/1/2009-4/30/2010	10/1/2007-9/30/2008	19	1.1435
5/1/2009-4/30/2010	11/1/2007-10/31/2008	18	1.1369
6/1/2009-5/31/2010	6/1/2007-5/31/2008	24	1.1780
6/1/2009-5/31/2010	7/1/2007-6/30/2008	23	1.1714
6/1/2009-5/31/2010	8/1/2007-7/31/2008	22	1.1643
6/1/2009-5/31/2010	9/1/2007-8/31/2008	21	1.1579
6/1/2009-5/31/2010	10/1/2007-9/30/2008	20	1.1515
6/1/2009-5/31/2010	11/1/2007-10/31/2008	19	1.1449

BLUE CROSS & BLUE SHIELD OF RHODE ISLANDRATING FACTORS FOR LARGE GROUP RATE RENEWALS AS SPECIFIED

SECOND QUARTER 2009

MAJOR MEDICALCost and Utilization Projection (X)

<u>Rate Year</u>	<u>Experience Period</u>	<u>Number of Months Projections</u>	<u>Factor</u>
4/1/2009-3/31/2010	6/1/2007-5/31/2008	22	1.3028
4/1/2009-3/31/2010	7/1/2007-6/30/2008	21	1.2872
4/1/2009-3/31/2010	8/1/2007-7/31/2008	20	1.2718
4/1/2009-3/31/2010	9/1/2007-8/31/2008	19	1.2566
4/1/2009-3/31/2010	10/1/2007-9/30/2008	18	1.2416
4/1/2009-3/31/2010	11/1/2007-10/31/2008	17	1.2268
5/1/2009-4/30/2010	6/1/2007-5/31/2008	23	1.3185
5/1/2009-4/30/2010	7/1/2007-6/30/2008	22	1.3028
5/1/2009-4/30/2010	8/1/2007-7/31/2008	21	1.2872
5/1/2009-4/30/2010	9/1/2007-8/31/2008	20	1.2718
5/1/2009-4/30/2010	10/1/2007-9/30/2008	19	1.2566
5/1/2009-4/30/2010	11/1/2007-10/31/2008	18	1.2416
6/1/2009-5/31/2010	6/1/2007-5/31/2008	24	1.3345
6/1/2009-5/31/2010	7/1/2007-6/30/2008	23	1.3185
6/1/2009-5/31/2010	8/1/2007-7/31/2008	22	1.3028
6/1/2009-5/31/2010	9/1/2007-8/31/2008	21	1.2872
6/1/2009-5/31/2010	10/1/2007-9/30/2008	20	1.2718
6/1/2009-5/31/2010	11/1/2007-10/31/2008	19	1.2566

BLUE CROSS & BLUE SHIELD OF RHODE ISLANDRATING FACTORS FOR LARGE GROUP RATE RENEWALS AS SPECIFIED

SECOND QUARTER 2009

PRESCRIPTION DRUG PROGRAMCost and Utilization Projection (X)

<u>Rate Year</u>	<u>Experience Period</u>	<u>Number of Months Projections</u>	<u>Factor</u>
4/1/2009-3/31/2010	6/1/2007-5/31/2008	22	1.2009
4/1/2009-3/31/2010	7/1/2007-6/30/2008	21	1.1909
4/1/2009-3/31/2010	8/1/2007-7/31/2008	20	1.1811
4/1/2009-3/31/2010	9/1/2007-8/31/2008	19	1.1713
4/1/2009-3/31/2010	10/1/2007-9/30/2008	18	1.1616
4/1/2009-3/31/2010	11/1/2007-10/31/2008	17	1.1519
5/1/2009-4/30/2010	6/1/2007-5/31/2008	23	1.2109
5/1/2009-4/30/2010	7/1/2007-6/30/2008	22	1.2009
5/1/2009-4/30/2010	8/1/2007-7/31/2008	21	1.1909
5/1/2009-4/30/2010	9/1/2007-8/31/2008	20	1.1811
5/1/2009-4/30/2010	10/1/2007-9/30/2008	19	1.1713
5/1/2009-4/30/2010	11/1/2007-10/31/2008	18	1.1616
6/1/2009-5/31/2010	6/1/2007-5/31/2008	24	1.2210
6/1/2009-5/31/2010	7/1/2007-6/30/2008	23	1.2109
6/1/2009-5/31/2010	8/1/2007-7/31/2008	22	1.2009
6/1/2009-5/31/2010	9/1/2007-8/31/2008	21	1.1909
6/1/2009-5/31/2010	10/1/2007-9/30/2008	20	1.1811
6/1/2009-5/31/2010	11/1/2007-10/31/2008	19	1.1713

BLUE CROSS & BLUE SHIELD OF RHODE ISLANDRATING FACTORS FOR LARGE GROUP RATE RENEWALS AS SPECIFIED

THIRD QUARTER 2009

INPATIENT HOSPITALCost and Utilization Projection (X)

<u>Rate Year</u>	<u>Experience Period</u>	<u>Number of Months Projections</u>	<u>Factor</u>
7/1/2009-6/30/2010	9/1/2007-8/31/2008	22	1.1853
7/1/2009-6/30/2010	10/1/2007-9/30/2008	21	1.1758
7/1/2009-6/30/2010	11/1/2007-10/31/2008	20	1.1660
7/1/2009-6/30/2010	12/1/2007-11/30/2008	19	1.1565
7/1/2009-6/30/2010	1/1/2008-12/31/2008	18	1.1468
7/1/2009-6/30/2010	2/1/2008-1/31/2009	17	1.1378
8/1/2009-7/31/2010	9/1/2007-8/31/2008	23	1.1944
8/1/2009-7/31/2010	10/1/2007-9/30/2008	22	1.1847
8/1/2009-7/31/2010	11/1/2007-10/31/2008	21	1.1749
8/1/2009-7/31/2010	12/1/2007-11/30/2008	20	1.1651
8/1/2009-7/31/2010	1/1/2008-12/31/2008	19	1.1554
8/1/2009-7/31/2010	2/1/2008-1/31/2009	18	1.1462
9/1/2009-8/31/2010	9/1/2007-8/31/2008	24	1.2033
9/1/2009-8/31/2010	10/1/2007-9/30/2008	23	1.1936
9/1/2009-8/31/2010	11/1/2007-10/31/2008	22	1.1837
9/1/2009-8/31/2010	12/1/2007-11/30/2008	21	1.1739
9/1/2009-8/31/2010	1/1/2008-12/31/2008	20	1.1641
9/1/2009-8/31/2010	2/1/2008-1/31/2009	19	1.1550

BLUE CROSS & BLUE SHIELD OF RHODE ISLANDRATING FACTORS FOR LARGE GROUP RATE RENEWALS AS SPECIFIED

THIRD QUARTER 2009

OUTPATIENT HOSPITALCost and Utilization Projection (X)

<u>Rate Year</u>	<u>Experience Period</u>	<u>Number of Months Projections</u>	<u>Factor</u>
7/1/2009-6/30/2010	9/1/2007-8/31/2008	22	1.1555
7/1/2009-6/30/2010	10/1/2007-9/30/2008	21	1.1487
7/1/2009-6/30/2010	11/1/2007-10/31/2008	20	1.1421
7/1/2009-6/30/2010	12/1/2007-11/30/2008	19	1.1355
7/1/2009-6/30/2010	1/1/2008-12/31/2008	18	1.1291
7/1/2009-6/30/2010	2/1/2008-1/31/2009	17	1.1213
8/1/2009-7/31/2010	9/1/2007-8/31/2008	23	1.1632
8/1/2009-7/31/2010	10/1/2007-9/30/2008	22	1.1565
8/1/2009-7/31/2010	11/1/2007-10/31/2008	21	1.1497
8/1/2009-7/31/2010	12/1/2007-11/30/2008	20	1.1432
8/1/2009-7/31/2010	1/1/2008-12/31/2008	19	1.1367
8/1/2009-7/31/2010	2/1/2008-1/31/2009	18	1.1288
9/1/2009-8/31/2010	9/1/2007-8/31/2008	24	1.1712
9/1/2009-8/31/2010	10/1/2007-9/30/2008	23	1.1642
9/1/2009-8/31/2010	11/1/2007-10/31/2008	22	1.1575
9/1/2009-8/31/2010	12/1/2007-11/30/2008	21	1.1508
9/1/2009-8/31/2010	1/1/2008-12/31/2008	20	1.1444
9/1/2009-8/31/2010	2/1/2008-1/31/2009	19	1.1363

BLUE CROSS & BLUE SHIELD OF RHODE ISLANDRATING FACTORS FOR LARGE GROUP RATE RENEWALS AS SPECIFIED

THIRD QUARTER 2009

BASIC SURGICAL/MEDICALCost and Utilization Projection (X)

<u>Rate Year</u>	<u>Experience Period</u>	<u>Number of Months Projections</u>	<u>Factor</u>
7/1/2009-6/30/2010	9/1/2007-8/31/2008	22	1.1659
7/1/2009-6/30/2010	10/1/2007-9/30/2008	21	1.1595
7/1/2009-6/30/2010	11/1/2007-10/31/2008	20	1.1529
7/1/2009-6/30/2010	12/1/2007-11/30/2008	19	1.1463
7/1/2009-6/30/2010	1/1/2008-12/31/2008	18	1.1392
7/1/2009-6/30/2010	2/1/2008-1/31/2009	17	1.1317
8/1/2009-7/31/2010	9/1/2007-8/31/2008	23	1.1737
8/1/2009-7/31/2010	10/1/2007-9/30/2008	22	1.1673
8/1/2009-7/31/2010	11/1/2007-10/31/2008	21	1.1606
8/1/2009-7/31/2010	12/1/2007-11/30/2008	20	1.1540
8/1/2009-7/31/2010	1/1/2008-12/31/2008	19	1.1468
8/1/2009-7/31/2010	2/1/2008-1/31/2009	18	1.1394
9/1/2009-8/31/2010	9/1/2007-8/31/2008	24	1.1816
9/1/2009-8/31/2010	10/1/2007-9/30/2008	23	1.1751
9/1/2009-8/31/2010	11/1/2007-10/31/2008	22	1.1684
9/1/2009-8/31/2010	12/1/2007-11/30/2008	21	1.1617
9/1/2009-8/31/2010	1/1/2008-12/31/2008	20	1.1545
9/1/2009-8/31/2010	2/1/2008-1/31/2009	19	1.1470

BLUE CROSS & BLUE SHIELD OF RHODE ISLANDRATING FACTORS FOR LARGE GROUP RATE RENEWALS AS SPECIFIED

THIRD QUARTER 2009

MAJOR MEDICALCost and Utilization Projection (X)

<u>Rate Year</u>	<u>Experience Period</u>	<u>Number of Months Projections</u>	<u>Factor</u>
7/1/2009-6/30/2010	9/1/2007-8/31/2008	22	1.3028
7/1/2009-6/30/2010	10/1/2007-9/30/2008	21	1.2872
7/1/2009-6/30/2010	11/1/2007-10/31/2008	20	1.2718
7/1/2009-6/30/2010	12/1/2007-11/30/2008	19	1.2566
7/1/2009-6/30/2010	1/1/2008-12/31/2008	18	1.2416
7/1/2009-6/30/2010	2/1/2008-1/31/2009	17	1.2268
8/1/2009-7/31/2010	9/1/2007-8/31/2008	23	1.3185
8/1/2009-7/31/2010	10/1/2007-9/30/2008	22	1.3028
8/1/2009-7/31/2010	11/1/2007-10/31/2008	21	1.2872
8/1/2009-7/31/2010	12/1/2007-11/30/2008	20	1.2718
8/1/2009-7/31/2010	1/1/2008-12/31/2008	19	1.2566
8/1/2009-7/31/2010	2/1/2008-1/31/2009	18	1.2416
9/1/2009-8/31/2010	9/1/2007-8/31/2008	24	1.3345
9/1/2009-8/31/2010	10/1/2007-9/30/2008	23	1.3185
9/1/2009-8/31/2010	11/1/2007-10/31/2008	22	1.3028
9/1/2009-8/31/2010	12/1/2007-11/30/2008	21	1.2872
9/1/2009-8/31/2010	1/1/2008-12/31/2008	20	1.2718
9/1/2009-8/31/2010	2/1/2008-1/31/2009	19	1.2566

BLUE CROSS & BLUE SHIELD OF RHODE ISLANDRATING FACTORS FOR LARGE GROUP RATE RENEWALS AS SPECIFIED

THIRD QUARTER 2009

PRESCRIPTION DRUG PROGRAMCost and Utilization Projection (X)

<u>Rate Year</u>	<u>Experience Period</u>	<u>Number of Months Projections</u>	<u>Factor</u>
7/1/2009-6/30/2010	9/1/2007-8/31/2008	22	1.2009
7/1/2009-6/30/2010	10/1/2007-9/30/2008	21	1.1909
7/1/2009-6/30/2010	11/1/2007-10/31/2008	20	1.1811
7/1/2009-6/30/2010	12/1/2007-11/30/2008	19	1.1713
7/1/2009-6/30/2010	1/1/2008-12/31/2008	18	1.1616
7/1/2009-6/30/2010	2/1/2008-1/31/2009	17	1.1519
8/1/2009-7/31/2010	9/1/2007-8/31/2008	23	1.2109
8/1/2009-7/31/2010	10/1/2007-9/30/2008	22	1.2009
8/1/2009-7/31/2010	11/1/2007-10/31/2008	21	1.1909
8/1/2009-7/31/2010	12/1/2007-11/30/2008	20	1.1811
8/1/2009-7/31/2010	1/1/2008-12/31/2008	19	1.1713
8/1/2009-7/31/2010	2/1/2008-1/31/2009	18	1.1616
9/1/2009-8/31/2010	9/1/2007-8/31/2008	24	1.2210
9/1/2009-8/31/2010	10/1/2007-9/30/2008	23	1.2109
9/1/2009-8/31/2010	11/1/2007-10/31/2008	22	1.2009
9/1/2009-8/31/2010	12/1/2007-11/30/2008	21	1.1909
9/1/2009-8/31/2010	1/1/2008-12/31/2008	20	1.1811
9/1/2009-8/31/2010	2/1/2008-1/31/2009	19	1.1713

BLUE CROSS & BLUE SHIELD OF RHODE ISLANDRATING FACTORS FOR LARGE GROUP RATE RENEWALS AS SPECIFIED

FOURTH QUARTER 2009

INPATIENT HOSPITALCost and Utilization Projection (X)

<u>Rate Year</u>	<u>Experience Period</u>	<u>Number of Months Projections</u>	<u>Factor</u>
10/1/2009-9/30/2010	12/1/2007-11/30/2008	22	1.1827
10/1/2009-9/30/2010	1/1/2008-12/31/2008	21	1.1729
10/1/2009-9/30/2010	2/1/2008-1/31/2009	20	1.1637
10/1/2009-9/30/2010	3/1/2008-2/28/2009	19	1.1547
10/1/2009-9/30/2010	4/1/2008-3/31/2009	18	1.1455
10/1/2009-9/30/2010	5/1/2008-4/30/2009	17	1.1369
11/1/2009-10/31/2010	12/1/2007-11/30/2008	23	1.1916
11/1/2009-10/31/2010	1/1/2008-12/31/2008	22	1.1816
11/1/2009-10/31/2010	2/1/2008-1/31/2009	21	1.1725
11/1/2009-10/31/2010	3/1/2008-2/28/2009	20	1.1633
11/1/2009-10/31/2010	4/1/2008-3/31/2009	19	1.1543
11/1/2009-10/31/2010	5/1/2008-4/30/2009	18	1.1453
12/1/2009-11/30/2010	12/1/2007-11/30/2008	24	1.2006
12/1/2009-11/30/2010	1/1/2008-12/31/2008	23	1.1906
12/1/2009-11/30/2010	2/1/2008-1/31/2009	22	1.1812
12/1/2009-11/30/2010	3/1/2008-2/28/2009	21	1.1721
12/1/2009-11/30/2010	4/1/2008-3/31/2009	20	1.1630
12/1/2009-11/30/2010	5/1/2008-4/30/2009	19	1.1541
1/1/2010-12/31/2010	2/1/2008-1/31/2009	23	1.1901
1/1/2010-12/31/2010	3/1/2008-2/28/2009	22	1.1808
1/1/2010-12/31/2010	4/1/2008-3/31/2009	21	1.1717

BLUE CROSS & BLUE SHIELD OF RHODE ISLANDRATING FACTORS FOR LARGE GROUP RATE RENEWALS AS SPECIFIED

FOURTH QUARTER 2009

OUTPATIENT HOSPITALCost and Utilization Projection (X)

<u>Rate Year</u>	<u>Experience Period</u>	<u>Number of Months Projections</u>	<u>Factor</u>
10/1/2009-9/30/2010	12/1/2007-11/30/2008	22	1.1586
10/1/2009-9/30/2010	1/1/2008-12/31/2008	21	1.1520
10/1/2009-9/30/2010	2/1/2008-1/31/2009	20	1.1440
10/1/2009-9/30/2010	3/1/2008-2/28/2009	19	1.1360
10/1/2009-9/30/2010	4/1/2008-3/31/2009	18	1.1282
10/1/2009-9/30/2010	5/1/2008-4/30/2009	17	1.1205
11/1/2009-10/31/2010	12/1/2007-11/30/2008	23	1.1663
11/1/2009-10/31/2010	1/1/2008-12/31/2008	22	1.1598
11/1/2009-10/31/2010	2/1/2008-1/31/2009	21	1.1517
11/1/2009-10/31/2010	3/1/2008-2/28/2009	20	1.1437
11/1/2009-10/31/2010	4/1/2008-3/31/2009	19	1.1357
11/1/2009-10/31/2010	5/1/2008-4/30/2009	18	1.1280
12/1/2009-11/30/2010	12/1/2007-11/30/2008	24	1.1743
12/1/2009-11/30/2010	1/1/2008-12/31/2008	23	1.1676
12/1/2009-11/30/2010	2/1/2008-1/31/2009	22	1.1595
12/1/2009-11/30/2010	3/1/2008-2/28/2009	21	1.1514
12/1/2009-11/30/2010	4/1/2008-3/31/2009	20	1.1435
12/1/2009-11/30/2010	5/1/2008-4/30/2009	19	1.1355
1/1/2010-12/31/2010	2/1/2008-1/31/2009	23	1.1672
1/1/2010-12/31/2010	3/1/2008-2/28/2009	22	1.1592
1/1/2010-12/31/2010	4/1/2008-3/31/2009	21	1.1510

BLUE CROSS & BLUE SHIELD OF RHODE ISLANDRATING FACTORS FOR LARGE GROUP RATE RENEWALS AS SPECIFIED

FOURTH QUARTER 2009

BASIC SURGICAL/MEDICALCost and Utilization Projection (X)

<u>Rate Year</u>	<u>Experience Period</u>	<u>Number of Months Projections</u>	<u>Factor</u>
10/1/2009-9/30/2010	12/1/2007-11/30/2008	22	1.1694
10/1/2009-9/30/2010	1/1/2008-12/31/2008	21	1.1623
10/1/2009-9/30/2010	2/1/2008-1/31/2009	20	1.1548
10/1/2009-9/30/2010	3/1/2008-2/28/2009	19	1.1473
10/1/2009-9/30/2010	4/1/2008-3/31/2009	18	1.1396
10/1/2009-9/30/2010	5/1/2008-4/30/2009	17	1.1310
11/1/2009-10/31/2010	12/1/2007-11/30/2008	23	1.1773
11/1/2009-10/31/2010	1/1/2008-12/31/2008	22	1.1700
11/1/2009-10/31/2010	2/1/2008-1/31/2009	21	1.1625
11/1/2009-10/31/2010	3/1/2008-2/28/2009	20	1.1550
11/1/2009-10/31/2010	4/1/2008-3/31/2009	19	1.1474
11/1/2009-10/31/2010	5/1/2008-4/30/2009	18	1.1385
12/1/2009-11/30/2010	12/1/2007-11/30/2008	24	1.1851
12/1/2009-11/30/2010	1/1/2008-12/31/2008	23	1.1778
12/1/2009-11/30/2010	2/1/2008-1/31/2009	22	1.1701
12/1/2009-11/30/2010	3/1/2008-2/28/2009	21	1.1627
12/1/2009-11/30/2010	4/1/2008-3/31/2009	20	1.1550
12/1/2009-11/30/2010	5/1/2008-4/30/2009	19	1.1462
1/1/2010-12/31/2010	2/1/2008-1/31/2009	23	1.1779
1/1/2010-12/31/2010	3/1/2008-2/28/2009	22	1.1704
1/1/2010-12/31/2010	4/1/2008-3/31/2009	21	1.1627

BLUE CROSS & BLUE SHIELD OF RHODE ISLANDRATING FACTORS FOR LARGE GROUP RATE RENEWALS AS SPECIFIED

FOURTH QUARTER 2009

MAJOR MEDICALCost and Utilization Projection (X)

<u>Rate Year</u>	<u>Experience Period</u>	<u>Number of Months Projections</u>	<u>Factor</u>
10/1/2009-9/30/2010	12/1/2007-11/30/2008	22	1.3028
10/1/2009-9/30/2010	1/1/2008-12/31/2008	21	1.2872
10/1/2009-9/30/2010	2/1/2008-1/31/2009	20	1.2718
10/1/2009-9/30/2010	3/1/2008-2/28/2009	19	1.2566
10/1/2009-9/30/2010	4/1/2008-3/31/2009	18	1.2416
10/1/2009-9/30/2010	5/1/2008-4/30/2009	17	1.2268
11/1/2009-10/31/2010	12/1/2007-11/30/2008	23	1.3185
11/1/2009-10/31/2010	1/1/2008-12/31/2008	22	1.3028
11/1/2009-10/31/2010	2/1/2008-1/31/2009	21	1.2872
11/1/2009-10/31/2010	3/1/2008-2/28/2009	20	1.2718
11/1/2009-10/31/2010	4/1/2008-3/31/2009	19	1.2566
11/1/2009-10/31/2010	5/1/2008-4/30/2009	18	1.2416
12/1/2009-11/30/2010	12/1/2007-11/30/2008	24	1.3345
12/1/2009-11/30/2010	1/1/2008-12/31/2008	23	1.3185
12/1/2009-11/30/2010	2/1/2008-1/31/2009	22	1.3028
12/1/2009-11/30/2010	3/1/2008-2/28/2009	21	1.2872
12/1/2009-11/30/2010	4/1/2008-3/31/2009	20	1.2718
12/1/2009-11/30/2010	5/1/2008-4/30/2009	19	1.2566
1/1/2010-12/31/2010	2/1/2008-1/31/2009	23	1.3185
1/1/2010-12/31/2010	3/1/2008-2/28/2009	22	1.3028
1/1/2010-12/31/2010	4/1/2008-3/31/2009	21	1.2872

BLUE CROSS & BLUE SHIELD OF RHODE ISLANDRATING FACTORS FOR LARGE GROUP RATE RENEWALS AS SPECIFIED

FOURTH QUARTER 2009

PRESCRIPTION DRUG PROGRAMCost and Utilization Projection (X)

<u>Rate Year</u>	<u>Experience Period</u>	<u>Number of Months Projections</u>	<u>Factor</u>
10/1/2009-9/30/2010	12/1/2007-11/30/2008	22	1.2009
10/1/2009-9/30/2010	1/1/2008-12/31/2008	21	1.1909
10/1/2009-9/30/2010	2/1/2008-1/31/2009	20	1.1811
10/1/2009-9/30/2010	3/1/2008-2/28/2009	19	1.1713
10/1/2009-9/30/2010	4/1/2008-3/31/2009	18	1.1616
10/1/2009-9/30/2010	5/1/2008-4/30/2009	17	1.1519
11/1/2009-10/31/2010	12/1/2007-11/30/2008	23	1.2109
11/1/2009-10/31/2010	1/1/2008-12/31/2008	22	1.2009
11/1/2009-10/31/2010	2/1/2008-1/31/2009	21	1.1909
11/1/2009-10/31/2010	3/1/2008-2/28/2009	20	1.1811
11/1/2009-10/31/2010	4/1/2008-3/31/2009	19	1.1713
11/1/2009-10/31/2010	5/1/2008-4/30/2009	18	1.1616
12/1/2009-11/30/2010	12/1/2007-11/30/2008	24	1.2210
12/1/2009-11/30/2010	1/1/2008-12/31/2008	23	1.2109
12/1/2009-11/30/2010	2/1/2008-1/31/2009	22	1.2009
12/1/2009-11/30/2010	3/1/2008-2/28/2009	21	1.1909
12/1/2009-11/30/2010	4/1/2008-3/31/2009	20	1.1811
12/1/2009-11/30/2010	5/1/2008-4/30/2009	19	1.1713
1/1/2010-12/31/2010	2/1/2008-1/31/2009	23	1.2109
1/1/2010-12/31/2010	3/1/2008-2/28/2009	22	1.2009
1/1/2010-12/31/2010	4/1/2008-3/31/2009	21	1.1909

BLUE CROSS & BLUE SHIELD OF RHODE ISLANDRATING FACTORS FOR LARGE GROUP RATE RENEWALS AS SPECIFIED

<u>Rate Year</u>	<u>Experience Period</u>	Prospectively Rated Reserve <u>Factor (/) ¹</u>	Alternate Funded Reserve <u>Factor (/) ¹</u>
10/1/2008-9/30/2009	All	0.9765	0.9865
11/1/2008-10/31/2009	All	0.9765	0.9865
12/1/2008-11/30/2009	All	0.9765	0.9865
1/1/2009-12/31/2009	All	0.9765	0.9865
2/1/2009-1/31/2010	All	0.9765	0.9865
3/1/2009-2/28/2010	All	0.9765	0.9865
4/1/2009-3/31/2010	All	0.9765	0.9865
5/1/2009-4/30/2010	All	0.9765	0.9865
6/1/2009-5/31/2010	All	0.9765	0.9865
7/1/2009-6/30/2010	All	0.9765	0.9865
8/1/2009-7/31/2010	All	0.9765	0.9865
9/1/2009-8/31/2010	All	0.9765	0.9865
10/1/2009-9/30/2010	All	0.9765	0.9865
11/1/2009-10/31/2010	All	0.9765	0.9865
12/1/2009-11/30/2010	All	0.9765	0.9865
1/1/2010-12/31/2010	2/1/2008-1/31/2009	0.9765	0.9865
1/1/2010-12/31/2010	3/1/2008-2/28/2009	0.9765	0.9865
1/1/2010-12/31/2010	4/1/2008-3/31/2009	0.9765	0.9865

1 - Reserve factor also applies to Large Group Dental rate renewals.

Blue Cross & Blue Shield of Rhode Island
Trend and Comparison Supplement to the Update to the 2007 Annual Affordability
Report Submitted in Conjunction with the Large Group Claims Projection and Reserve
Factors Applicable to Rate Renewals Effective October 1, 2008 through December 1, 2009
and Required Early Notice Renewals Effective January 1, 2010

I. Historical Rate of Trend for Existing Products

The following table illustrates the trends underlying the Large Group filed claims projection factors that were approved for the last four quarters, plus the current filing, for the respective quarter/type of service:

Summary of Annual Rating Trends – Indicated Rate Year over Previous Rate Year						
		Filed & Approved				
4Q08 Weight	Summary/Detail	4Q07	1Q08 ⁽¹⁾	2Q08	3Q08 ⁽²⁾	4Q08
21.9%	Inpatient	8.0%	7.7%	8.1%	7.8%	9.8%
21.8%	Outpatient	10.6%	10.4%	7.5%	7.7%	8.1%
36.6%	Surgical/Medical	7.6%	8.3%	7.6%	7.8%	8.7%
0.9%	Major Medical	9.3%	9.3%	10.5%	10.5%	15.5%
18.8%	Prescription Drugs	15.1%	15.1%	11.7%	11.7%	10.5%
	Weighted Total	9.7%	9.8%	8.4%	8.5%	9.2%

⁽¹⁾ 1Q08 approved in April 15, 2007 filing along with 4Q07. Differences in price trends arise due to magnitude and timing of price changes anticipated.

⁽²⁾ 3Q08 approved (with OHIC revision) in October 19, 2007 filing along with 2Q08. Differences in price trends arise due to magnitude and timing of price changes anticipated.

Group Historical Actual Trend – CY over previous CY			
	2004	2005	2006
Total Group Trend	9.8%	11.9%	8.5%

The following table illustrates BCBSRI's filed large group trends versus those illustrated in recent industry surveys:

Source	July 2006		January 2007		July 2007		January 2008	
	Medical	Drug	Medical	Drug	Medical	Drug	Medical	Drug
BCBSRI Trends	11%	13%	10%	13%	8%	15%	9%	15%
Mercer Survey PPO Median Trend ⁽¹⁾	12%	13%	11%	13%	11%	12%	10%	12%
Aon Consulting Survey ⁽²⁾	12%	12%	11%	11%	11%	10%	11%	9%

⁽¹⁾ Mercer Survey trend represents the median rating trend from industry survey from Mercer Oliver Wyman Carrier Trend Reports.

⁽²⁾ Aon Consulting trend represents the national average predicted increase in claims cost from Aon Health Care Trend Surveys.

Other available surveys are proprietary, do not have recent data, or report trends in such a way that a meaningful comparison is not possible. As can be seen in the table above, BCBSRI rating trends are comparable in total to average trends of other companies participating in the surveys.

II. Comparisons to Other Market Rates for Similar Products

A. Comparison of Filed Trend Factors

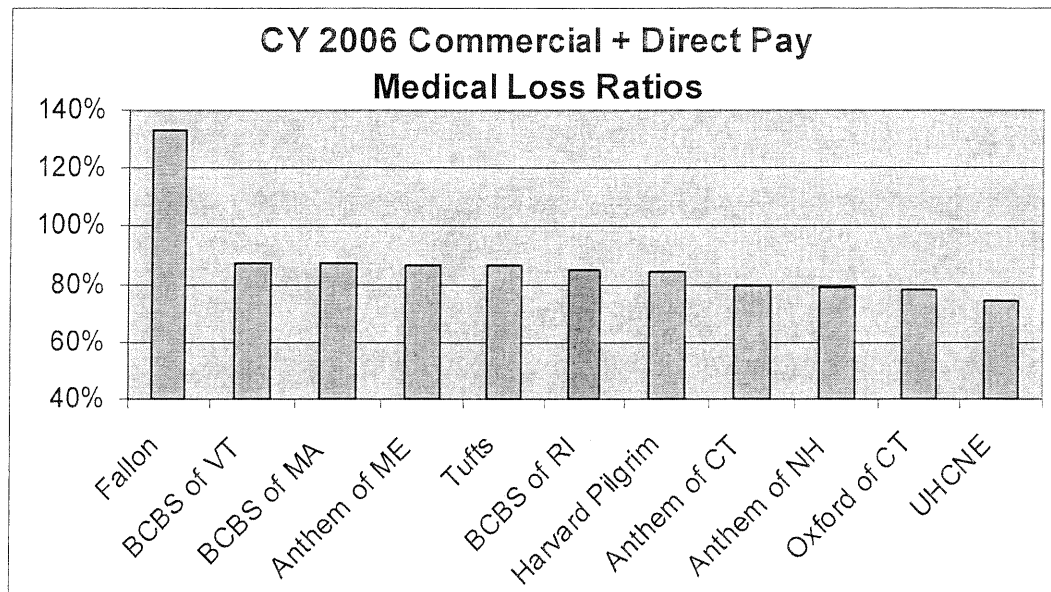
The following table compares the most recently approved group medical trend rates for major Rhode Island insurers. BCBSRI has a lower Medical trend than UHCNE and, effective April 1, 2008, a lower Drug trend. BCBSRI trend now compares favorably with the competition.

	Medical	Drug
UHCNE effective 10/1/2007	9.0%	12.5%
BCBSRI effective 4/1/2008	7.7%	11.7%
BCBSRI filed to be effective 10/1/2008	8.9%	10.5%

B. Comparison of Medical Loss Ratios

The following chart shows a comparison of medical loss ratios for Commercial and Direct Pay combined business for the New England Blue Cross Plans as well as other regional plans. Commercial and Direct Pay are combined because NAIC data is not available for Commercial only. Plans were excluded that have significant business outside the New England area because they would not be representative of New England experience. The chart shows BCBSRI as having a loss ratio "in the middle of the pack" of the regional plans, and significantly higher than UHCNE.

BCBSRI's strategy with regards to medical loss ratios is to target an amount equal to 100% less the targeted contribution to reserve and administrative expenses. Provided that our administrative expenses and contribution to reserve targets remain in line (or lower) than the other carriers, our medical loss ratios should remain in the middle of the pack (or in upper half) in comparison to other companies.

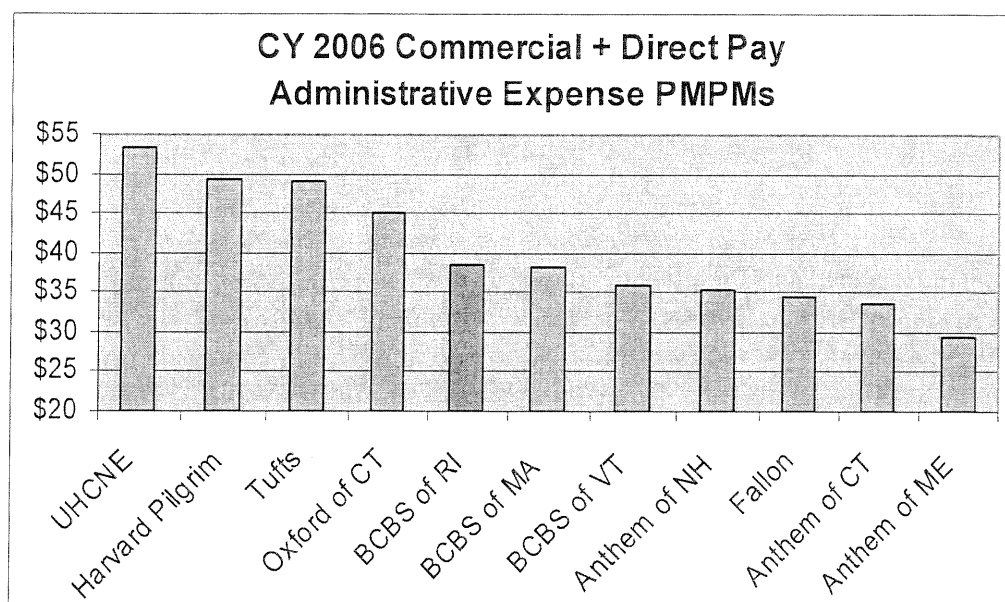


C. Comparison of Administrative Costs

Blue Cross & Blue Shield of Rhode Island takes actions to control our operating expenses both during the budget setting process and during the year. The process recognizes that prudent decisions must be made balancing the desire to control operating expenses with the need to limit increases in benefits expense:

- Proposed new initiatives are evaluated for their return on investment prior to determining what new activities will be undertaken.
- Expense management is an ongoing process. The management of each division has been directed to manage their operations within their budget while achieving the operational goals of the organization. Failure to meet this goal will be considered in the employee evaluation process. Expense management has also been incorporated as a component of the Executive and Employee incentive plans.

The following chart shows a comparison of administrative costs (on a PMPM basis) for Commercial and Direct Pay combined business for the New England Blue Cross Plans as well as other regional plans. Commercial and Direct Pay are combined because NAIC data is not available for Commercial only. Plans were excluded that have significant business outside the New England area because they would not be representative of New England experience. The chart shows Rhode Island as being “in the middle of the pack” of the regional plans, and significantly below United Healthcare of New England.



III. Trends by Service Category

The following table illustrates the overall expected annual trends underlying the filed claims projection factors by year/type of service:

<i>Type of Service</i>	<i>Trend Factors</i>		
	<i>2008</i>	<i>2009</i>	<i>2010</i>
Inpatient	1.1048	1.0956	1.0947
Outpatient	1.0726	1.0840	1.0843
Surgical/Medical	1.0675	1.0922	1.0855
Major Medical	1.1552	1.1552	1.1552
Prescription Drugs	1.1050	1.1050	1.1050
<i>Weighted Total</i>	1.0846	1.0941	1.0915